

Budget redux – the 67 million dollar question

Is the Montgomery County budget at the point of no return? The answer is yes – unless we hold the line on spending increases this year. We've reached the tipping point between great services and unbearable tax increases. And it's time for us to admit that local government can't be everything to everyone.

The cumulative effect of out-of-sight property value assessments, coupled with increasing property taxes and other tax rates, is that the cost of living in one's home is becoming overwhelming.

Are we turning our backs on the middle class? That's a very good question.

In the two and one half years I've been on the County Council, we've quadrupled the energy tax, added a cell phone tax, doubled the telephone land line tax, increased fees, and hiked the County income tax to the legal limit. These were necessary steps to maintain basic services in difficult financial times. We hit every pocketbook pretty hard.

The budget for next year should be different. We don't have the fiscal problems we had before. Revenue is up, and all projections are positive for 2006. It's time to hold the line.

Let me be clear. No matter what we do, everyone will see an increase in their property taxes. The only question is how much. But if we continue with current tax rates, in seven years EVERYONE'S property tax bill will double. That's just unacceptable.

Sticking to the Charter limit on property taxes (basically the current property tax revenue adjusted for inflation and several add-ons) still gives us 170 million dollars more revenue next year than we had in the current budget year. Next year's budget would still exceed this year's by over 7 per cent without having to cut services and programs.

Exceeding the Charter limit will have significant negative long-term consequences. If we increase the size of government every year, we increase the long-term costs of compensation – already 80 percent of overall County expenditures. Unless a miracle occurs at the federal level that reins in health care costs, a larger County workforce will cause that percentage to creep up, limiting our ability to fund other programs.

That means saying goodbye forever to the Charter's goal of constraining County property tax increases to the rate of inflation because good people - the kind our County is lucky to have on its streets and in its classrooms, fire stations, and offices - cost more than that.

So the real question is whether we can avoid a taxing pattern that would drive us into a spiral from which we can never escape. Should we saddle taxpayers with the expectation that their property tax bill will double within the foreseeable future -- and blithely assume they'll pay those taxes, on top of all the others, without complaint?

It's a 67 million dollar question. We need to cut as much of that as possible from the proposed budget -- knowing that we can still maintain current services and add some needed improvements.

By the end of May, we'll know how well we do. Stay tuned.

Nancy Floreen is an at large member of the Montgomery County Council.